

IOWA CHILD WELFARE

DECATEGORIZATION HANDBOOK

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Overview

This Handbook is designed to outline the purposes, goals, structure, and operational procedures for Iowa's Child Welfare Decategorization Program. The Handbook incorporates experiences gained since the inception of Decategorization in 1987. As with any initiative that began on a pilot basis, Decategorization has been an evolving program in which parameters and procedures have undergone modifications to achieve the desired results. The Handbook serves as a guidebook for implementation and operation of Decategorization and a means of communicating information on program parameters and procedures.

Purposes of Decategorization

Decategorization of child welfare and juvenile justice funding is an initiative intended to establish systems of delivering human services based upon client needs to replace systems based upon a multitude of categorical funding programs and funding sources, each with different service definitions and eligibility requirements.

Decategorization is designed to redirect child welfare and juvenile justice funding to services which are more preventive, family centered, and community-based in order to reduce use of restrictive approaches that rely on institutional, out-of-home, and out-of-community care.

Legal Basis

The legal basis for Decategorization is outlined in Iowa Code Section 232.188, which was initially enacted in 1993 and substantially modified by the 2005 Iowa General Assembly, and in annual Department appropriation bills allowing continuation of the program. In addition, Iowa Administrative Code Chapter 153 contains administrative rules on Decategorization that were developed in 2005 and are consistent with current statutory requirements of Iowa Code Chapter 232.188.

Program Definitions

"Budget accountability" means that expenditures for Decategorization services from a decategorization project's decategorization services funding pool during the state fiscal year do not exceed the total amount of funding available in the funding pool for the state fiscal year.

"Carryover funding," means moneys designated for a project's decategorization services funding pool that remain unspent at the close of the state fiscal year. These moneys shall not revert but shall remain available for expenditure for child welfare and juvenile justice systems enhancements and other purposes as

determined by the project's governance board until the close of the succeeding, or next, state fiscal year.

"Chief juvenile court officer" means the judicial department official responsible for managing and supervising juvenile court services operations within one of the eight judicial districts.

"Close of the state fiscal year" means the actual date following the end of the state fiscal year on June 30 by which state agencies must complete their official budget reporting and accounting for the fiscal year. This date is usually established as September 15th.

"Decategorization" means an initiative established pursuant to Iowa Code Section 232.188 designed to redirect child welfare and juvenile justice funding to services that are more preventive, family centered, and community-based in order to reduce use of more restrictive approaches.

"Decategorization agreement " means the initial agreement entered into among representatives of the Department of Human Services, Juvenile Court Services, and county government in a county, or counties, to implement a decategorization project in accordance with the requirements of Iowa Code Section 232.188 and Iowa Administrative Code Chapter 153. This agreement is reflected in the initial application made when a project receives approval to participate in decategorization and in the annual plan each project submits to the Department to continue participation.

"Decategorization governance board" or "governance board" means the group that enters into and implements a decategorization project agreement.

"Decategorization project" means the county or counties that have entered into a decategorization agreement to implement a decategorization initiative in the county or multi-county area covered by the agreement.

"Decategorization project annual services plan" means the annual plan each decategorization project is required under Iowa Code Chapter 232.188 to develop and submit to the Department Child Welfare Administrator, appropriate service area manager, chief juvenile court officer[s], and Community Empowerment Board.

"Decategorization services funding pool" or "funding pool," means the funding designated for a decategorization project from all sources.

"Department service area manager" means the Department official responsible for managing the Department's programs, operations, and child welfare budget within one of the eight [8] Department service areas.

“Encumbered and obligated,” means funding with a decategorization project’s services funding pool that the project’s governance board has encumbered or obligated to be used during the current state fiscal year for a specific program or purpose. While State contracting rules allow for development of multi-year service contracts, or service contracts that are renewable for more than one year, specific funding amounts for these contracts can not definitively be committed for future fiscal years. Each state contract is subject to the availability of funding in the fiscal years covered by the contract.

“Unencumbered or unobligated” means funding within a decategorization services funding pool that is not spent by the project’s governance board for a specific program or purpose by the close of a state fiscal year.

Decategorization Program Background

The Child Welfare Decategorization Program was authorized by the Iowa General Assembly in 1987 as an initiative designed to deliver more effective service to children and families. Decategorization is intended to help communities achieve a system in which services are driven by client strengths and needs, rather than by the diverse eligibility requirements and service definitions of categorical programs and funding streams. Goals for the decategorization program include:

- tailoring services to the individual needs of children and families;
- redirecting funding toward preventive, family, neighborhood and community-based services;
- reducing reliance on out-of-home and out-of-community placements;
- promoting community planning, collaboration, and governance of service systems; and
- developing service systems that more accurately reflect the needs of the children and families within the communities served.

Counties approved for decategorization are expected to establish goals, objectives and outcomes consistent with the legislative and statutory mandates for the program. In Decategorization, state and local officials work together to overcome barriers and develop more effective services for children and families. State officials will work with projects to provide flexibility and overcome barriers. However, the ability to provide flexibility varies from program to program and may be constrained by state or federal statute. Through working in partnership, state and local officials can develop effective approaches to enable communities to successfully implement their strategies for change.

Eligible Applicants

Any county, cluster of counties, or other grouping of counties, may request approval from the Director of the Department of Human Services to participate in the decategorization program. Applications shall be submitted in accordance with the procedures and content requirements specified in this Handbook. Applications may be submitted for consideration at any time. Applications for reconfiguration and realignment of the composition of decategorization projects may also be submitted to the Department Director at any time.

Application Process

Note: As of 12-2005, 98 of Iowa's 99 counties are participating in Decategorization; only Ida County has chosen not to participate thus far.

Submission of Application:

A county, or group of counties, makes application for Decategorization by submitting a letter of application to the Department child welfare administrator at the Division of Behavioral, Developmental, and Protective Services. The letter shall:

1. Describe the commitment of the involved Department area administrator(s), juvenile court services administrators, and representatives of county government to cooperatively implement Decategorization.
2. Describe the planning process involved in making the application decision. Involvement in this decision by providers, schools, consumers and other community stakeholders should be encouraged.
3. Discuss local strengths and barriers to services for children and families and how barriers will be overcome through Decategorization.
4. Describe the capacity of the Department, juvenile court, and county, or counties, to work together in developing and implementing a Decategorization plan. Past cooperative efforts should be described.
5. Demonstrate an understanding of the budget accountability expectation for Decategorization.
6. Discuss the proposed composition and structure of the governance board that would administer the project. The board must include representatives of administrators from the Department, juvenile court services, and affected county governments. Projects may choose to include representatives from schools, community groups, parents, youth, and other community stakeholders as board members.
7. Discuss any needs for technical support and assistance in further planning.
8. Application letters must be signed by the Department service area administrator, the chief juvenile court officer, or officers, for the affected

county or counties, and authorized representatives from the affected county or counties in the proposed project.

Review and Approval of Application:

The Department child welfare administrator reviews letters of application. The child welfare administrator forwards a recommendation to the Department Director.

The Department Director may approve, deny, or request more information concerning an application.

Implementation Requirements

The Decategorization initiative is implemented through creation and operation of decategorization projects. A decategorization project may consist of a single county or a group of counties who have indicated their agreement to implement decategorization and whose application has received approval from the Department Director. Approved Decategorization projects shall follow the following procedures as they implement decategorization:

1. Each project must establish and maintain an operating Governance Board that includes representatives of administrators of the Department, Juvenile Court Services, and representatives designated by county government within the affected county or counties. In multi-county projects, county governments may choose to designate one person to act as the representative on the governance board of all the participating counties. Projects may choose to expand their governance boards to include other representatives beyond these required participants.
2. The Governance Board shall undertake community planning activities. As part of this planning, they shall partner with other community stakeholders to develop service alternatives that provide less restrictive levels of care for children and families within the project area.
3. Decategorization projects may use information from federal reviews of Iowa's child welfare system and indicators and outcome data from other community planning efforts in which they are involved as they undertake needs assessment and planning activities.
4. Department service area managers and chief juvenile court officers shall work with decategorization governance boards in their areas to best coordinate planning and most effectively target budgetary resources. These officials will regularly provide the governance boards with data concerning child welfare and juvenile justice needs, service trends, expenditures, and any other relevant data on program outcomes and unmet needs.

5. Department service area managers will provide governance boards with information on their respective service area's funding allocation for Department-administered child welfare services and a copy of their service area's annual child welfare and juvenile justice services plan.
6. Chief juvenile court officers will provide governance boards with information on their respective judicial district's annual funding allocation for juvenile justice graduated sanctions and court-ordered services programs administered by Juvenile Court Services.
7. Both Department service area managers and chief juvenile court officers will work with governance boards to help support board planning, budget development and monitoring, decategorization service development, including support for proposal solicitation, contracting, and contract monitoring, and most effectively align funding resources.

Note: *Each Department Service Area is required under Iowa Code Chapter 232.143 to develop an annual Service Area Child Welfare and Juvenile Justice Services Plan for their service area. These plans are to describe the service area's plan to meet child welfare and juvenile justice needs, communicate with other stakeholders within the service area, and provide services within their available budget during the fiscal year.*

Information provided by Decategorization projects in their required Decategorization Project Annual Service Plans on local needs assessment activities and innovative program plans contribute to development of the Department Service Area Child Welfare and Juvenile Justice Plan for their area. Through collaboration between decategorization projects and their respective service areas in plan development, opportunities for the most effective alignment of resources between the Department and decategorization projects will take place.

Project Governance Board Roles and Responsibilities

Decategorization projects must be implemented by a project governance board. The governance board must include representatives designated by administrators of the Department and Juvenile Court Services respectively, and officials with the authority to represent county governments in the affected county or counties. Note: In a multi-county decategorization project, participating county governments may choose to designate one person to serve as the representative on the governance board for all the participating counties.

In addition, Iowa Code Section 28.7[1][c] 2001 allows a Community Empowerment Board to assume the duties of the Decategorization Governance Board or for Decategorization and Community Empowerment Boards to merge into one body responsible for providing oversight of both initiatives. In these

situations, the resultant governance board must include representatives designated by administrators of the Department of Human Services, Juvenile Court Services, and county government[s] participating in the project.

Regardless of how the Governance Board is formed or organized, each Decategorization Governance Board shall have the following responsibilities and authority:

I. Community Planning Responsibility

- Governance boards shall undertake community planning activities to develop services that are more individualized, preventive, family centered and community-based;
- Governance boards shall involve community representatives, including families and youth, in the development of short and long term plans for enhancing family centered and community-based services;
- Governance boards will make efforts to coordinate their community planning activities with those of other planning groups with whom they are involved within their communities. Examples of such planning groups include: United Way, Community Empowerment, Communities of Promise, School Improvement groups, Community Partnerships for Protecting Children, SAFE programs, etc.

II. Board Operation Procedures

- Each governance board must establish and adopt written rules of operation that are available to the public upon request. Note: The Department has placed several examples of project rules of operation as resource materials on the DHS Web site under DECAT at this address:
- Each governance board must adhere to the statutory requirements on open meetings contained in Iowa Code Chapter 21 and the statutory requirements on open records in Chapter 22. More information on these requirements, and how they may impact decategorization governance boards can be accessed at these 2 location on the Community Empowerment Web Site:
 1. www.empwerment.state.ia.us/common/pdf/kit_tools/toolD.pdf
 2. www.empowerment.state.ia.us/common/pdf/kit_tools/toolE.pdf

III. Coordination With Department and Juvenile Court Services Administrators

- Each governance board shall coordinate planning and service development decisions with the Department service area manager and chief juvenile court officer[s] for the counties comprising the project;

- Department service area managers and chief juvenile court officers will regularly communicate with governance boards in their areas and provide them data and other information on child welfare and juvenile justice service needs, expenditure patterns, outcome achievement, etc.; and
- Governance boards will coordinate decategorization budget planning, expenditures for decategorization services, and tracking of expenditures with the Department service area manager and chief juvenile court officers involved in their project.

IV. Board Authority

- Governance boards have authority and management responsibility over funding contained in the project's decategorization services funding pool;
- Governance boards are responsible for approving and signing contracts for programs and services funded from the decategorization services funding pool;
- Governance boards are responsible for developing and overseeing their project's plan to maintain budget accountability during each fiscal year. This means that the board must develop and oversee a plan to monitor:
 1. the results/outcomes achieved by funded programs and services,
 2. the fiscal fidelity and accountability of funded programs and services, and
 3. overall decategorization program expenditures to ensure that expenditures do not exceed the amount of funding available in the decategorization services funding pool.
- Governance boards have the authority to, if necessary, approve actions to discontinue or reduce decategorization programs/services or take other actions to manage within their available decategorization services funding pool fund during each fiscal year.

V. Board Reporting Responsibilities

- Governance boards are responsible for overseeing development of a Decategorization Project Annual Services Plan that describes plans to use funding within the decategorization services funding pool during the year. This plan shall be submitted to the Department child welfare administrator, with copies sent to the respective Department service area manager, chief juvenile court officers[s], and the Iowa Community Empowerment Board, by October 1 of each fiscal year*
- Governance boards are responsible for overseeing the development of an Annual Decategorization Progress report, which summarizes their

project's progress toward achieving the objectives of their plan during the previous fiscal year. This annual progress report must be submitted to the Department child welfare administrator, with copies sent to the respective Department service area manager, chief juvenile court officer[s], and the Iowa Community Empowerment Board, by December 1 of each fiscal year

***Content For Annual Child Welfare and
Juvenile Justice Services Plan**

Each Decategorization governance board is responsible for the development and submission to the Department Child Welfare Administrator, their respective Department service area manager and chief juvenile court officer[s], and the Iowa Community Empowerment Board of a Decategorization Project Annual Services Plan*. The governance board shall involve community representatives, including families and youth, and county organizations in development of this annual plan. This plan must be submitted by October 1st of each fiscal year. The plan shall, at a minimum, contain the following information:

** **Note:** A decategorization project may combine their Decategorization Project Annual Services Plan with the plan they must develop and submit to the Department of Human Rights-Division of Criminal and Juvenile Justice Planning [CJJP] in order to access funding streams under the Child Welfare/Juvenile Justice Youth Development [CW/JJYD] program.*

1. A description of the community planning used in developing the annual plan. This description should include information on the community members and organizations that were invited to and actually participated in developing the plan. Community participation can be achieved through strategies such as community forums, community education events, and community focus groups.
2. A description of the decategorization project's efforts to network and coordinate with other community planning initiatives [i.e. school improvement plans, Community Empowerment Areas, Community Partnership for Protecting Children projects, United Way, etc.] affecting children and families within the boundaries of their project.
3. A description of any community needs assessment process and/or data [child welfare outcomes data, need indicator data from other systems such as health, education, community empowerment, etc.]. that was used in developing the annual plan to enhance child welfare and juvenile justice service systems in the area.
4. A description of the project's specific and quantifiable short term plans and desired results for the state fiscal year; as well as a description of how

these short term plans align with the project's longer term goals for improving outcomes for children and families.

5. A description of the project's proposed plans to use funding available within their decategorization services funding pool during the fiscal year, including plans to use their available carryover funds- resulting from decategorization operations during the previous fiscal year- by the close of the current state fiscal year.
6. A description of the project's plans to track results and outcomes achieved by funded programs during the year.
7. A description of the project's plans to monitor and maintain fiscal accountability during the year [fiscal accountability includes monitoring the performance and results of contractors receiving funding and monitoring expenditures for decategorization services during the year].

Requests For Realignment of Decategorization Project Boundaries

If a Decategorization project governance board decides to request approval to change the composition of counties making up the project, the governance board shall do the following:

- Send a letter to the Department Child Welfare Administrator describing the request to realign counties
- Include names and signatures of board members who are supportive of the proposed realignment.

If the request involves a county or counties shifting from one Decategorization project to another, then the governance board of the project receiving the county or counties must send the Department Child Welfare Administrator a letter expressing board support for the realignment.

The Department Director will review such requests, consider the reasons for and impacts of the request, and provide a written decision to the involved governance boards within thirty [30] days. Most approved realignment requests will become effective at the beginning of a fiscal year.

Decategorization Services Funding Pool

I. Creation and Composition of Decategorization Services Funding Pool-

The Department will annually create and maintain a decategorization services funding pool for each project by combining funding resources that may be available to the project from one or more of the following sources:

1. The project's allocation of any funding designated for decategorization in a legislated state appropriation

Note: Unless otherwise specified in the appropriation, the Department will allocate each project's amount of these funds based on their respective proportion of the total statewide # of children under eighteen [18] years of age.

2. Any Carryover funds available to the project from unspent funds resulting from funding transfers and decategorization service operations during the previous state fiscal year.
3. Any child welfare and juvenile justice funds designated for, and committed in writing to the project by the Department service area manager, and accepted by the governance board.
4. Any juvenile justice program funds designated for and committed in writing to the project by a chief juvenile court officer and accepted by the governance board.
5. Any funds made available to the project from any other funding source, such as another state agency or a grant awarded to the project. Note: Funds awarded under this category may be subject to specific conditions, reporting requirements, and spending limitations mandated by the funding entity. Will reference Decategorization Funding Stream Matrix Resource Document here and give location where this document will be placed on the DHS WEB

II. Requirements for Utilization of Decategorization Services Funding Pool

Decategorization governance boards will use funding from the decategorization services funding pool in accordance with the following requirements:

- Budget planning and decategorization services funding decisions will be coordinated with the appropriate Department service area manager and chief juvenile court officer[s];
- Decategorization services funding shall not be used for institutional, out-of-home, or out-of-community services for children;

Note: Decategorization funds are not designed to support the costs of placements of children in institutional or out-of-home foster care settings. Decategorization funds however may be used to support services, such as work with parents, transportation for home visits, etc., intended to achieve reunification, relative placement, or another less restrictive permanency option for a child placed in out-of-home care. In addition, decategorization funds may be used to provide support for children placed in relative care in lieu of placement in more formal foster care arrangements.

Out-of-community services shall be interpreted to mean services that do not take place within the geographic area generally considered to be the "service

community” of the county or counties in the decategorization project. For example, in a multi-county decategorization project a program based in the largest town in the area may be funded and provide services to all counties in the project. This program would be considered within the boundaries of the project’s service community, as opposed to a program that was located in a town considerable distance from the project’s boundaries.

If a decategorization project governance board believes there to be extenuating circumstances that support funding an institutional, out-of-community, or foster care placement service, the board may submit an Exception to Policy request to the Department.

- Decategorization services funding shall be used for services that meet at least one of these criteria:
 1. are flexible
 2. are individualized
 3. are family-centered
 4. are preventive
 5. are community-based
 6. are comprehensive
 7. promote coordinated service systems for children and families.
- Decategorization services funding must be spent in compliance with Iowa Code Chapter 8 and IAC11- Chapters 106 and 107 statutes and regulations regarding vendor solicitation and service contracting. Department service area staff will provide consultation and support for decategorization projects to ensure awareness of and compliance with these requirements.

NOTE: *Decategorization projects may also access valuable information on state vendor selection and contracting requirements by going to the following location on the DHS Network: Hoovr3s2, Fiscal Pub, Contract Documents. In addition, they may contact Department vendor selection and contracting resource persons in the Central Office Bureau of Purchased Services at 515-281-4181- or Field Operations Support Unit at 515- 281-5374, or toll free at 1-866-347-7782, for consultation and assistance.*

Relationship of Decategorization Services Pool To Other Department Child Welfare Funding

Decategorization projects will receive their respective proportion of any part of the child welfare appropriation that is specifically allocated by law for use by governance boards for decategorization services. That portion of the

Department's child welfare appropriation not allocated by law for decategorization services shall be managed under the authority and oversight of the Department's service area managers. Each service area manager:

- Is responsible for meeting child welfare needs throughout the counties of their service area within the funds contained in their allocation;
- May establish internal child welfare and juvenile justice budget targets for the various counties in the service area
- May adjust funding target figures among the counties in the service area, based on budget monitoring and changes in circumstances, to provide for the safety, permanency, and well-being of children needing services in the Department's child welfare and juvenile justice service systems;
- May choose to designate and transfer a portion of the service area's child welfare allocation to the decategorization services funding pool of a decategorization project. In doing so, the service area manager may ask the governance board to accept specific terms and conditions regarding use of these funds.

**Designation and Transfer of Funding
By Service Area Managers
To Decategorization Services Funding Pools**
see Appendix IV For Transfer Letter Format**

Department service area managers and decategorization governance boards will follow these procedures when making designations and transfers of funds:

- The service area manager will provide written notification of any funding designation offer to governance boards in their area by June 1st of the state fiscal year;
- The notification shall designate the source of the funding to be transferred as TANF or State funds;
- Any special terms and conditions of the proposed funding designation will be specified in writing to the governance board;
- The governance board will provide the service area manager with written acceptance or rejection of the funding offer by June 30th of the state fiscal year;
- If the governance board accepts the designated funding, the Department will transfer this funding amount into the project's decategorization services funding pool;
- Once these funds are accepted and transferred, they are under the sole management authority of the governance board, subject to adherence to any special terms and conditions agreed to by the governance board;

- Any subsequent request by the Department service area manager to access this transferred funding or modify the agreed upon special terms and conditions requires written approval by the project governance board;
- Any funding from such transfers that remains unspent at the close of the state fiscal year shall be considered as part of the project's carryover funding; it shall remain available for the governance board to use until the close of the succeeding state fiscal year.

Example: *A Department service area manager designates in February a total of \$150,000 in child welfare funds to the Scott County Decategorization project, with the condition that \$50,000 be spent for family team meeting facilitation and the remaining \$100,000 be directed for programs developed by the governance board. The governance board accepts these conditions and the \$150,000 is transferred into the Scott County decategorization services funding pool.*

Scott County Decategorization spends a total of \$20,000 [for family team facilitation] of these transferred funds by June 30th; the remaining \$130,000 becomes part of the project's carryover and included in their decategorization services funding pool for the next fiscal year. The project has until the close of the next fiscal year to expend this \$130,000 [\$30,000 must be spent on family team facilitation], and any other carryover funds accrued from the previous fiscal year.

Relationship of Decategorization Services Funding Pool To Juvenile Court Services Funding Streams

The Department receives a legislated appropriation for the court-ordered services and graduated sanctions programs. The Department allocates this funding among the eight [8] judicial districts. These funding streams are subject to the following parameters and procedures:

- Managed under the authority of the chief juvenile court officer of each judicial district;
- Each chief juvenile court officer is responsible for meeting needs for these programs throughout their judicial district within the funding allocation received;
- Chief juvenile court officers may establish internal budget targets for expenditures from these programs for the various counties in their judicial districts;
- Based on budget monitoring and changes in service needs among the counties, the chief juvenile court officer may modify these budget targets to most effectively meet the needs of children;

- Chief juvenile court officers may choose to designate and transfer a portion of their judicial district's court-ordered services and graduated sanctions funding allocation to the decategorization services funding pool of a decategorization project. They may ask governance boards to accept special terms and conditions concerning the use of these designated funds.

**Designation and Transfer of Funding
By Chief Juvenile Court Officers
To Decategorization Services Funding Pools **
see Appendix IV For Transfer Letter Format**

Chief juvenile court officers and decategorization governance boards will follow these procedures when making and accepting transfers of court-ordered services and graduated sanctions funds to decategorization services funding pools:

- The chief juvenile court officer will provide written notification to governance boards by June 1st of each fiscal year of any proposed offer of designated funding;
- The notification shall designate the source of the funding being transferred as TANF or State funds.
- The chief juvenile court officer will specify in writing to the governance boards any special terms and conditions that apply to the proposed transfer of funding to the decategorization project;
- Governance boards will provide written notification to the chief juvenile court officer of their decision to accept or reject the funding designation, and their acceptance or rejection of any special terms and conditions that apply to the funding, by June 30th of the state fiscal year;
- When a decategorization governance board accepts funding designated by a chief juvenile court officer, these funds will be transferred by the Department to the project's decategorization services funding pool. These funds are then under the sole management authority of the accepting decategorization governance board, subject to any special terms and conditions agreed to by the governance board;

Example: A Chief Juvenile Court Officer in November, 2004 designates \$120,000 to the Polk County Decategorization project- the Chief in the designation letter states that \$40,000 of these funds must be spent for family centered day program services for delinquent youth and the remaining \$80,000 can be spend for programs as determined by the governance board. The board accepts these conditions and makes plans to support new programs with the transferred \$80,000.

- Any request by the chief juvenile court officer to have part of this funding returned to their authority, or to modify the special terms and conditions of the transfer, require the written approval of the respective decategorization governance board;
- Any funding from such transfers during a fiscal year that remains unspent by the governance board at the close of the fiscal year shall be considered carryover funding and will be available to the governance board until the close of the succeeding fiscal year as part of their decategorization services funding pool.

Example: *Using the scenario described above, at the close of the state fiscal year the decategorization project has spent all of the \$40,000 for day program services but only \$50,000 of the \$80,000 transferred for decategorization programs. The unspent \$30,000 becomes part of the project's carryover amount and needs to be expended by the close of the succeeding fiscal year- by the end of the fiscal year following the year in which the funds were transferred, in this case June 30, 2006.*

Carryover Funding

The term **Carryover Funding** refers to the ability of decategorization projects to retain, or carryover, funds within their Decategorization Services Funding Pool that are unspent for programs or services at the close of the fiscal year. Under the Decategorization statute in Iowa Code Chapter 232.188, decategorization projects are permitted to carryover this unspent funding for one additional year. Carryover funding remains available to the project's governance board for expenditure until the close of the succeeding state fiscal year. Without the carryover provision in the statute, unspent dollars from the decategorization services funding pool would revert to the state general fund at the end of each fiscal year.

Decategorization carryover funds may result from a decategorization project's unspent funds from any of the following sources:

1. Funds from the project's allocation of any legislated appropriation for Decategorization services that are unspent at the close of the state fiscal year;
2. Funding that is unspent by the close of the fiscal year from any transfers of funding to the project from a Department service area manager during the fiscal year;
3. Funding that is unspent by the close of the fiscal year from any transfers of funding to the project by a chief juvenile court officer during the fiscal year;
4. Funding available to the project from any other funding source where the funder allows the decategorization project to carryover unspent funds.

Note: Many grant programs that award funding to a decategorization project do not allow for unspent funding to be carried over; these programs often have an established time period in which funding must be expended. An example of such a funding streams is the federal Promoting Safe and Stable Families program.

I. Calculation and Notification of Carryover Funding

1. The Department will communicate through its service area managers and Central Office budget/accounting staff with all decategorization governance boards to track the amount of funding, including transfers of funding from designations by service area managers and chief juvenile court officers, available in each project's decategorization services funding pool. The Department will assist projects in tracking expenditures from each funding pool throughout each fiscal year.
2. Upon the close of each state fiscal year, the Department will determine the exact unspent amount remaining in each project's funding pool. Within 90 days of the September 15th close of each state fiscal year, the Department will provide official written notification to each decategorization project of the amount of carryover funding they have available.

Example: At the close of FY2006, a project has \$250,000 in unspent dollars in their decategorization services funding pool. This is the amount of carryover funding indicated by their preliminary budget tracking in September 2006 when the last of their FY2006 billings have been processed. The project begins developing plans to expend these carryover funds for FY2007 programs.

In November, 2006 the board receives written notification from the Department that \$250,000 is their official carryover amount. The governance board must expend these carryover funds on programs by June 30, 2007. These carryover funds will be the first dollars in the project's decategorization services fund counted by the Department as spent on decategorization programs during the year before funding available to the project from any current year allocation or transfer of resources is used.

II. Control and Utilization of Carryover Funding

- Carryover funding is managed and expended solely under the authority of each decategorization project's governance board;

- Carryover funds resulting from each fiscal year's operation remain available to the governance board until the close of the succeeding [next] fiscal year;
- Decategorization governance boards shall expend carryover funds for child welfare and juvenile justice systems enhancements and other purposes of the project as determined appropriate by the governance board.

III. Reversion of Unspent Carryover Funds

Any carryover funds not expended by a decategorization project by the close of the succeeding fiscal year shall revert to the Department to be returned to the state general fund.

***Example:** Using the above example of the project that had \$250,000 in carryover funding, this project expended a total of \$235,000 of these funds by the close of the succeeding fiscal year [June 30, 2007]. The unspent balance of \$15,000 is reverted by the Department to the state general fund and is no longer available to the decategorization project.*

Decategorization Service Development, Contracting, Purchasing, and Payment Systems

Under the decategorization program, services can be designed, implemented, and monitored in a more locally driven and flexible manner. Projects are permitted to develop alternative service systems that allow flexibility, easier access to services, and are expected to promote more successful outcomes.

Each contract for funding from a decategorization project shall contain language indicating that funding may be terminated due to decisions of the project governance board, unavailability of funds, or unsatisfactory performance by the project receiving funding. The governance board shall approve all contracts for programs funded from the decategorization services fund. Methods used by projects to develop, purchase, and make payments for services, must meet all applicable state government standards as described in Chapters 106 and 107 concerning accountability, documentation of vendor selection procedures, contracting, equal access and non-discrimination, etc. required for the expenditure of government funds. Department service area staff will provide each decategorization board with access to consultation and technical assistance to ensure awareness of and compliance with these standards and requirements.

Contract and Payment Monitoring Recommendations

1. Review contract requirements with the provider to be sure they understand the expectations.

2. Explain clearly to the provider what kinds of expense categories are allowable under the contract and the billing documentation required to be submitted with their billing vouchers (these will vary depending on the type of program). Make sure that any equipment purchases relate to and are essential to the program funded and ownership decisions rest with the Department and Decategorization Board if the program ceases to exist.
3. Stress to the provider the importance of timely submission of billing vouchers and progress reports – it is recommended that providers be asked to submit at least quarterly progress reports to the project.
4. Communicate any major problems in writing to the provider. Let them know that payments may be withheld until they comply with progress report and/or billing documentation requirements. Meet with the provider periodically to review program performance, address problem areas, and develop corrective action plans.
5. Amend the contract if necessary to change the program description, budget amount or provisions, or contract period.
6. Determine if an annual on-site contract review visit needs to be completed - required under Department policy if contracts by a decategorization project with any one provider total \$100,000 or more, or \$50,000 or more in the first year a project contracts with a provider.
7. Work to resolve any payment problems or recoupment issues.
8. Terminate the contract in writing if necessary due to budget or program issues.

Contract Monitoring Requirements

The Department has established specific contract monitoring expectations for contracts entered into by decategorization projects that reach certain funding thresholds. The Department's expectation is that a decategorization governance board will arrange for an on-site contract review and billing/payment audit to be completed before renewing a contract with a provider in the following situations:

1. The decategorization project has entered into a contract or contracts with a provider with a cumulative value of \$100,000 or more for the contract period, regardless of funding sources used in the contract; or
2. The decategorization project has entered into a contract or contracts with a provider they have not contracted with previously with a cumulative value of \$50,000 or more for the contract period, regardless of funding sources.

Decategorization projects may find it advisable to conduct on-site review visits for providers who do not meet the above situations based on factors such as:

- The length of time the provider has been in business

- The type of programming being provided
- Impressions or concerns reported by the community concerning the provider
- Findings from previous monitoring activities by DHS or other entities
- Other factors about the program or provider.

Department service area staff will work with decategorization governance boards to identify those providers and contracts requiring an annual on-site review and assist with planning for the review process. The Department will provide decategorization projects with the expectations and format for completing and documenting the on-site review process.

Refunds From Decategorization Funded Services

Decategorization projects shall regularly monitor the performance and spending of service programs awarded funding. Each program's spending should be evaluated at the conclusion of the project period or fiscal year. Any surplus funds should be refunded by the agency to the Department of Human Services.

When the agency makes a refund of the surplus to the Department, the check should be sent, along with an explanation memo, to the Contract Support person in the DHS Central Office Field Operations Support Unit. The refunded amount will be credited to the appropriate decategorization project, added to their carryover balance, and be available for reallocation to other programs by the governance board.

Termination From Decategorization

Termination at DHS Service Area Manager Request:

The Department service area manager involved in a decategorization project may decide to terminate participation in the program. The service area manager is required to consult with the project governance board prior to making a termination decision. If the project involves more than one service area manager all must be in agreement to terminate the decategorization project. The project will be terminated when a request from the service area manager[s] is received by the Department Child Welfare Administrator and approved by the Department Director. The service area manager is required to provide thirty (30) days written notice of their decision to terminate. The Department will work to develop an orderly termination plan, including plans for redeployment of any accrued carryover funds.

Termination at Project's Request:

A decategorization project governance board may decide to terminate participation in the decategorization program. Projects will be terminated when a

letter is received by the Department Child Welfare Administrator from the local governance board indicating that the board has determined, based on the project's governance procedures, to terminate from the decategorization program. Projects are required to provide thirty (30) days written notice of their intention to terminate. The Department will develop an orderly termination plan, including plans for redeployment of any accrued carryover funds.

Termination By Director

When decategorization projects are approved by the Director, the assumption is that they will operate on a multi-year basis; subject to submission of acceptable annual plans and progress reports, satisfactory goal achievement and responsible fiscal performance. A decategorization project may be terminated by the Director through transmission of a written termination letter to the local governance board and appropriate Department service area manager, chief juvenile court officer[s], and county government[s]. Reasons for termination may include any of the following: unsatisfactory fiscal performance, inadequate fiscal tracking, unsatisfactory goal achievement, and failure to submit acceptable decategorization plans and progress reports, or substantial project management problems.

Prior to termination, projects will be provided written notice of performance concerns and given the opportunity to develop, in cooperation with the Department, a corrective action plan. Termination decisions by the Director are final and shall become effective upon the date specified in the Director's letter. Upon termination, the county or counties will operate under the same rules and procedures as non-decategorized areas. In the event of termination, the Department will work to develop an orderly termination plan, including plans for redeployment of any accrued carryover funds.

Annual Progress Reports

Each decategorization project governance board shall submit an Annual Progress Report to the Department Child Welfare Administrator and to the Iowa Community Empowerment Board, with a copy to the appropriate service area manager and child juvenile court officer[s]. The annual progress report shall be submitted by December 1st. This report should:

- Summarize the project's key activities during the previous fiscal year;
- Describe the project's progress in reaching the desired outcomes of their project plan during the previous state fiscal year;
- Describe any planning adjustments and lessons learned during the fiscal year;
- For each program/activity that received decategorization services funding during the previous fiscal year, a description of the: key activities,

outcomes achieved, and expenditures for the program during the previous fiscal year;

- The Department will provide projects with the format for this report by July 1 of each year. Whenever possible, the format and reporting procedures will be coordinated with those of other funding sources available to decategorization projects.

Appendix I

Decategorization Statutory Language- Iowa Code Chapter 232.188 [2005 Iowa General Assembly, House File 616]

Decategorization of Child Welfare and Juvenile Justice Funding Initiative

1. Definitions.

For the purposes of this section, unless the context otherwise requires,

- a. “Decategorization governance board” or “governance board” means the group that enters into and implements a decategorization project agreement.
- b. “Decategorization project” means the county or counties that have entered into and implements a decategorization project agreement.
- c. “Decategorization services funding pool” or “funding pool,” means the funding designated for a decategorization project from all sources.

2. Purpose.

The decategorization of the child welfare and juvenile justice funding initiative is intended to establish a system of delivering human services based upon client needs to replace a system based upon a multitude of categorical programs and funding sources, each with different service definitions and eligibility requirements. The purposes of the decategorization initiative include but are not limited to redirecting child welfare and juvenile justice funding to services which are more preventive, family-centered, and community-based in order to reduce use of more restrictive approaches which rely on institutional, out-of-home, and out-of-community services.

3. Implementation

- a. Implementation of the initiative shall be through creation of decategorization projects. A project shall consist of either a single county or group of counties interested in jointly implementing the initiative. Representatives of the department, juvenile court

services, and county government shall develop a project agreement to implement the initiative within a project.

- b. The initiative shall include community planning activities in the area covered by the project. As part of the community planning activities, the department shall partner with other community stakeholders to develop service alternatives that provide less restrictive levels of care for children and families receiving services from the child welfare and juvenile justice systems within the project area.
- c. The decategorization initiative shall not be implemented in a manner that limits the legal rights of children and families to receive services.

4. Governance Board

- a. In partnership with an interested county or group of counties which has demonstrated the commitment and involvement of the affected county department, or departments of human services, the juvenile justice system within the project area, and board, or boards, of supervisors in order to form a decategorization project, the department shall develop a process for combining specific state and state-federal funding categories into a decategorization services funding pool for that project. A decategorization project shall be implemented by a decategorization governance board. The decategorization governance board shall develop specific, quantifiable short-term and long-term plans for enhancing the family-centered and community-based services and reducing reliance upon out-of-home and out-of-community care in the project area.
- b. The department shall work with the decategorization governance boards to best coordinate planning activities and most effectively target funding resources. A departmental service area manager shall work with the decategorization governance boards in that service area to support board development and to promote the most effective alignment of resources.
- c. A decategorization governance board shall coordinate the project's planning and budgeting activities with the departmental service area manager for the county or counties comprising the project area and the community empowerment area board or boards for the community empowerment area or areas within which the decategorization project is located.

5. Funding Pool

- a. The governance board for a decategorization project shall manage the project's decategorization services funding pool to provide more flexible, individualized, family-centered, preventive, community-based, comprehensive, and coordinated service systems for

children and families served in that project area. A funding pool shall also be used for child welfare and juvenile justice systems enhancements.

- b. Notwithstanding section 8.33, moneys designated for a project's decategorization services funding pool that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for child welfare and juvenile justice systems enhancements and other purposes of the project until the close of the succeeding fiscal year and shall be known as "carryover funding". Moneys may be made available to a funding pool from one or more of the following sources:

- [1] Funds designated for the initiative in a state appropriation.

- [2] Child welfare and juvenile justice services funds designated for the initiative by a departmental service area manager.

- [3] Juvenile justice program funds designated for the initiative by a chief juvenile court officer.

- [4] Carryover funding.

- [5] Any other source designating moneys for the funding pool.

- c. The services and activities funded from a project's funding pool may vary depending upon the strategies selected by the project's governance board and shall be detailed in an annual child welfare and juvenile justice decategorization services plan developed by the governance board. A decategorization governance board shall involve community representatives and county organizations in the development of the plan for the project's funding pool. In addition, the governance board shall coordinate efforts through communication with the appropriate departmental service area manager regarding budget planning and decategorization service decisions.
- d. A decategorization governance board is responsible for ensuring that decategorization services expenditures from that project's funding pool do not exceed the amount of funding available. If necessary, the governance board shall reduce expenditures or discontinue specific services as necessary to manage within the funding pool resources for a fiscal year.
- e. The annual child welfare and juvenile justice decategorization services plan developed for use of the funding pool by a decategorization governance board shall be submitted to the department administrator of child welfare services and the Iowa

empowerment board. In addition, the decategorization governance board shall submit an annual progress report to the department administrator and the Iowa empowerment board which summarizes the progress made toward attaining the objectives contained in the plan. The progress report shall serve as an opportunity for information sharing and feedback.

6. Departmental Role.

A departmental service area's share of the child welfare appropriation that is not allocated by law for the decategorization initiative shall be managed under the authority of the service area manager. A service area manager is responsible for meeting the child welfare service needs in the counties comprising the service area with the available funding resources.

Appendix II- Key Decategorization Project Activities and Dates

- July 1- New state fiscal year begins; decategorization projects will have received their allocation of any decategorization services legislative appropriation by this date.
- September 15- Date when fiscal accounts for billings and expenditures from the previous state fiscal year are officially closed. This account closure date begins the process of official calculation of decategorization project carryover amounts.
- September 30-End of Federal fiscal year.
- October 1- Beginning of new Federal fiscal year funding period. Applicable for any Promoting Safe and Stable Families funding allocated to decategorization projects.
- October 1- Due date for the Decategorization Project Annual Services Plan from each decategorization project. Plans are to be submitted to the Department Child Welfare Administrator at the Division of Behavioral, Developmental, and Protective Services, with a copy to the appropriate Department service area manager, chief juvenile court officer[s], and the Iowa Community Empowerment Board.
- December 1- Due date for Annual Progress Report from each decategorization project. Progress reports are to be submitted to the Department Child Welfare Administrator at the Division of Behavioral, Developmental, and Protective Services, with a copy to the appropriate Department service area manager, chief juvenile court officer[s], and the Iowa Community Empowerment Board.

- December 15- Date by which the Department will provide each decategorization project with written notification of their official Carryover Funding balance.
- June 1- Date by which Department service area managers and Chief Juvenile Court Officers must provide decategorization project governance boards with written notification of offers of designated funding.
- June 30- Date by which decategorization governance boards must provide Department service area managers or Chief Juvenile Court Officers with written notification of acceptance or rejection of offers of designated funding.
- June 30- End of state fiscal year.

Appendix III- Community Planning Data Resource Sites

This section is designed to present information on several Web sites that may be sources of useful information and data for decategorization projects to utilize in their community planning and service development activities.

1. Department of Human Services web site: <http://www.dhs.state.ia.us>
2. Department of Human Rights- Division of Criminal and Juvenile Planning web site: <http://www.state.ia.us/dhr/cjpp>
3. Iowa Collaboration for Youth Development [supported by the Youth Policy Institute of Iowa [YPII] web site: <http://www.icyd.org>.

Appendix IV- Content Format for Funding Designation and Transfer Letters

This is the content format that should be used by Service Area Managers and Chief Juvenile Court Officers for Funding Designation and Transfer Letters when funds are offered to and accepted by decategorization governance boards.

To: _____ Decategorization Project Governance Board

From: DHS Service Area Manager of JCS Chief Juvenile Court Officer [list name]

Subject: Designation and Transfer of Funds to _____ Decategorization Project

This letter is intended to transfer \$_____ in FY_____ Child Welfare [or Court-Ordered and/or Graduated Sanctions] funds to the _____ Decategorization Governance Board. \$_____ of this funding is TANF and \$_____ is State dollars.

Note: TANF funds can only be expended for TANF-eligible programs and TANF funds are federal funds and can not be used as matching funds to receive any other federal funding.

In reviewing child welfare [for SAM transfers] or juvenile justice [for CJCO transfers] service needs within the _____ Decategorization Project, I believe additional resources are needed in the areas of:

- List names of programs to be supported with the designated funds [for example: parental substance abuse testing or adolescent day program services]

I am proposing to transfer the following funding amounts[specify amount of state and TANF funds] to the _____ Decategorization Project to be used for the following programs, in accordance with any Special Terms and Conditions specified below:

1. \$_____ for list the specific service
2. \$_____ for list specific service

Special terms and Conditions of This Funding Transfer:

In addition, I am proposing that \$_____ [specify amount of state and TANF funds] be transferred to the _____ Decategorization Project Governance Board to meet other service needs as identified at the discretion of the Governance Board, in accordance with any Special Terms and Conditions specified below.

Special Terms and Conditions of This Funding Transfer:

I understand that once transferred these funds are under the control and direction of the Governance Board, subject to any Special Terms and Conditions agreed to by the Governance Board.

Total Dollar Amount To Be Transferred: \$_____ [\$_____ in TANF funds and \$_____ in State funds]

Signature_____

DHS Service Area Manager or JCS Chief Juvenile Court Officer

Date: _____

ACCEPTANCE OF TRANSFER BY GOVERNANCE BOARD

This is to confirm that the _____ Decategorization Project Governance Board is accepting the transfer of the funding listed above and is accepting any Special Terms and Conditions described above for these funding transfers.

Signature: _____

Decategorization Project Governance Board Chairperson

Date: _____